



The Effect of Digitalization on Work Stress and Job Satisfaction in Banking

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Abstract

The rapid digitalization of the banking sector has revolutionized operations, significantly improving customer service, operational efficiency, and overall competitiveness. Through the integration of technologies such as artificial intelligence, mobile banking apps, and automation, banks have streamlined processes and reduced the reliance on manual tasks, leading to improved productivity. However, while digital transformation has its benefits, it has also introduced new challenges, particularly concerning the well-being of employees. The increased reliance on digital tools and automation has created heightened expectations, leading to stressors such as heavier workloads, constant learning demands, and job insecurity as automation replaces certain roles. This study explores how digitalization affects work-related stress and job satisfaction among banking employees by conducting both qualitative and quantitative research. By analyzing existing literature on digital transformation's impact on the workforce, as well as collecting primary data through interviews and surveys, the study identifies key stress factors including the pressure to adapt to new technologies and the fear of job displacement. The findings suggest that while digitalization offers operational efficiency and reduces repetitive tasks, it also increases psychological pressure on employees. To mitigate these negative effects, the study recommends the adoption of effective stress management strategies, such as comprehensive digital training programs, mental health initiatives, and creating a supportive work environment. Ensuring employee well-being is crucial to maintaining job satisfaction and long-term organizational success.

Keywords: Stress, Job Satisfaction, Work Stress, Digitalization, Banking.

1. Introduction

The banking industry has experienced profound changes driven by rapid advancements in digital technology. With the introduction of cutting-edge innovations such as artificial intelligence (AI), automation, mobile banking, and blockchain technology, the financial services sector has undergone a dramatic transformation. These technological advancements have streamlined banking operations, enhanced customer service, and significantly improved operational efficiency. Banks now offer faster, more convenient services to customers, enabling them to access a variety of banking functions online, through apps, and even via automated systems. These innovations have not only improved customer satisfaction but have also allowed

financial institutions to operate more efficiently and cost-effectively. However, while digitalization brings substantial benefits to the banking sector, it also presents significant challenges, particularly for employees. As banks embrace new technologies, employees are increasingly required to adapt to digital tools and systems that often change rapidly. This constant need to learn and evolve can lead to heightened workplace stress. Employees are frequently faced with the pressure of acquiring new skills, dealing with increased workloads, and adjusting to new ways of working, which can sometimes feel overwhelming [1][2]. Additionally, the automation of routine tasks raises concerns over job security, as employees fear that their roles may be

replaced by machines or AI systems. Job satisfaction in this context is influenced by a variety of factors. Role clarity is essential to ensure that employees understand their responsibilities and the expectations placed upon them in a digitally-driven environment. A balanced workload is also critical, as employees who feel overburdened by new tasks or technological changes may experience burnout, leading to decreased motivation and job satisfaction. Furthermore, job security remains a significant concern for many workers, as the integration of technology has created uncertainties about the future of their positions. This paper seeks to explore the effects of digitalization on work stress and job satisfaction among banking employees [3][5]. It investigates the specific challenges that employees face as a result of digital transformation and examines how these challenges impact their overall well-being and job satisfaction. The paper also delves into potential strategies and solutions that could help mitigate stress in the workplace, such as providing adequate training, promoting a supportive work environment, ensuring clear communication about job roles, and addressing concerns about job security. By identifying these key factors and addressing the underlying causes of stress, the paper aims to offer insights into how banks can create a more positive and sustainable work environment for their employees while navigating the complexities of the digital age [4].

2. Literature Review

- Digital transformation in banking involves the adoption of advanced technologies such as AI-powered chatbots, robotic process automation (RPA), online banking, and data analytics (Kaur & Singh, 2021).
- The innovations have streamlined financial transactions, reduced human errors, and improved service delivery. However, employees must frequently upgrade their skills to keep pace with these technological changes (Jain et al., 2020).
- Work stress is a major issue in the banking industry due to job complexity, long working hours, and customer handling (Sharma & Gupta, 2019).
- With digitalization, employees face additional challenges such as cybersecurity threats, learning new digital systems, and increased performance expectations (Patel, 2022).
- According to the author, job stress can lead to burnout, decreased productivity, and job dissatisfaction (Robbins and Judge, 2020).
- Job satisfaction is influenced by various factors, including compensation, work-life balance, job security, and workplace environment (Locke, 1976).
- Digitalization has affected these factors in different ways. While automation has reduced routine tasks, it has also raised concerns about job redundancy (Chakraborty & Biswas, 2021).
- Several studies suggest that digitalization can either alleviate or exacerbate workplace stress (Sundaram & Ashwin, 2021).
- Some employees view digital transformation as an opportunity for career growth, while others perceive it as a threat to job stability. The banking sector must address this duality by implementing strategies that promote digital literacy and psychological resilience (Kumar & Rao, 2020).
- This foundational text on servant leadership highlights its relevance in the digital age. The book discusses how prioritizing employee well-being through supportive leadership can reduce stress and improve job satisfaction, particularly in technology-driven industries like banking. *Servant leadership: A journey into the nature of legitimate power and greatness*. Paulist Press (Greenleaf, R. K., 1977).
- This literature review examines the effects of digital transformation on work stress and employee satisfaction in banking. It explores how automation, AI, and remote work contribute to increased stress levels and discusses strategies for mitigating these effects to improve job satisfaction. The impact of digitalization on employee stress and job satisfaction in the banking industry (Sharma, P., & Gupta, S., 2020).
- This review explores how transformational leadership styles in digital banking affect

employee job satisfaction and mitigate work-related stress. It emphasizes the importance of leadership in fostering a positive work environment amidst technological changes. Transformational leadership and job satisfaction in digital environments: A review of the banking sector (Bass, B. M., & Riggio, R. E., 2019).

3. Methodology

This study employs a mixed-methods approach, integrating both qualitative and quantitative data collection techniques to gain a comprehensive understanding of the impact of digitalization on work stress and job satisfaction in the banking sector. By using both survey questionnaires and in-depth interviews, the research aims to triangulate findings and offer a more nuanced perspective on the challenges faced by banking employees as they navigate digital transformation. The study uses stratified random sampling to select 250 participants from a range of public and private sector banks in urban and semi-urban locations [6-10]. This ensures a diverse representation of employees, accounting for variations in organizational structure, geographical setting, and technological adoption. The survey consists of three sections: demographic details, perceived work stress, and job satisfaction levels. A five-point Likert scale is used to measure respondents' attitudes towards work stress and job satisfaction, ranging from "strongly disagree" to "strongly agree." In addition to the survey, qualitative data is gathered through in-depth interviews with bank managers. These interviews provide valuable insights into the strategies employed by banks to manage digitalization and address employee stress. Descriptive statistics are used to summarize the survey data, while regression analysis examines the relationship between digitalization, work stress, and job satisfaction. Qualitative interview data is analyzed through thematic analysis, identifying recurring themes and patterns that shed light on organizational strategies and employee experiences in the digital banking environment.

4. Results and Discussion

The survey results reveal that 68% of respondents experienced an increase in work stress due to frequent technological changes and performance monitoring

in the digital banking environment. Employees, particularly those in customer service roles, reported higher stress levels due to the reduction of face-to-face interactions and the shift to digital banking platforms. This transition requires employees to adapt quickly to new technologies, which can be a source of psychological pressure.

4.1 Key Stressors Identified in The Survey Include

- **Constant Learning Demands:** With the rapid pace of technological change, employees must continuously update their skills to effectively use new software systems, which can feel overwhelming and contribute to work-related stress.
- **Job Insecurity:** Automation and AI-driven processes have raised concerns about job redundancy, as employees fear that their roles may be replaced by machines, leading to anxiety and stress.
- **Work Overload:** The 24/7 nature of digital banking services increases expectations for employees to provide immediate customer support, which can lead to long working hours and higher stress levels.

These findings align with prior studies (Sundaram & Ashwin, 2021), which emphasize that digital transformation, when not managed appropriately, can exacerbate psychological stress among employees. Despite the rising stress levels, 54% of respondents indicated that digitalization had a positive effect on their job satisfaction, particularly by reducing manual workloads and improving task efficiency. Employees in managerial and IT roles reported greater job satisfaction, with many citing opportunities for skill enhancement, career advancement, and increased compensation due to their expertise in digital tools [11-13].

4.2 Factors Enhancing Job Satisfaction Include

- **Reduced Administrative Burden:** Automation of routine administrative tasks allowed employees to focus on more strategic and rewarding responsibilities.
- **Flexible Work Arrangements:** Digitalization facilitated remote work, improving employees'

work-life balance and contributing to overall job satisfaction.

- **Higher Salary Expectations:** Employees with digital expertise or the ability to manage new technologies often received higher compensation, adding to their job satisfaction.

However, lower job satisfaction was observed among older employees who found it difficult to adapt to new digital platforms, highlighting the need for targeted digital training programs (Kaur & Singh, 2021) [14]. This suggests that organizations must ensure that employees of all age groups receive the support and resources needed to adapt to digital changes effectively [15].

Conclusion

Digitalization has significantly reshaped the banking sector, introducing both opportunities and challenges for employees. While it enhances efficiency and job satisfaction for tech-savvy employees, it also contributes to increased stress due to constant learning requirements and job insecurity. The study highlights the importance of proactive stress management strategies, including employee training programs, clear role definitions, and supportive workplace policies. Banks must balance technological advancements with employee well-being to ensure a smooth digital transition.

Further Suggestions

- **Regular Digital Training Programs:** Organizations should provide structured training to help employees adapt to new technologies.
- **Employee Assistance Programs (EAPs):** Psychological counseling and stress management workshops should be integrated into workplace policies.
- **Flexible Work Arrangements:** Hybrid work models should be encouraged to improve work-life balance.
- **Career Development Initiatives:** Upskilling and reskilling programs can help employees stay relevant in a digital banking environment.
- **Transparent Communication:** Organizations should address job security concerns by clarifying the role of automation in workforce planning.

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